

Doubts cloud coal-plant plan

PacifiCorp could be stalled by conflict over future power needs

By Dave Anderton

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Global warming may wreak more havoc than rising temperatures and disappearing coastlines.

For PacifiCorp, the issue has left a big question mark over the utility's plans to build two new coal-fired power plants to meet Utah's skyrocketing electricity demands.

Couple those concerns with a brewing disagreement over just how much electricity Utah needs and who will pay for it, and the issue becomes even more pointed.

In January, the Oregon Public Utility Commission denied a request by PacifiCorp to pursue competitive bidding to build the proposed power plants, one in Utah by 2012 and another in Wyoming by 2013.

PacifiCorp — which operates in Utah as Rocky Mountain Power — has said it needs roughly 800 to 1,100 megawatts of electricity by 2013 to meet the demand of its customers in Utah, Idaho and Wyoming. A megawatt is enough electricity to power 500 to 750 typical homes.

But the utility's projections are exaggerated, according to regulators in Oregon, where PacifiCorp is based. The Oregon commission says PacifiCorp's projections are more than three times what is actually needed.

"Due to errors and omissions ... the company has significantly overestimated its resource needs," the Oregon PUC order said. "Before acquiring new thermal base load resources, we expect the company to fully explore conservation, demand response resources, renewable resources, distributed resources and short-term purchases."

Bob Jenks, executive director of the Oregon Citizens' Utility Board, a ratepayer group, said Oregon will not pay for Utah's dirty power.

"We think coal plants are tremendously risky," Jenks said. "In the life of a coal plant there is going to be significant regulation of carbon emissions. We don't know when it is going to come, but we know it is going to be significant."

In Utah, where 95 percent of the state's electricity is generated by coal, the idea of no new coal plants could be hard to swallow.

Paul Barber, senior analyst at Salt Lake-based Energy Strategies, which represents some of the state's largest industrial customers, said his clients are not opposed to the construction of a new coal plant. But the group is concerned about allegations that Utah's electricity demands have been overestimated.

"If you're overbuilt, that represents a cost that usually gets passed on to the customer," Barber said. "That's what happened in the '80s."

However, Utah regulators believe PacifiCorp is not moving fast enough in building new power plants. The Utah Division of Public Utilities said in a brief that further delays "could leave Utah ratepayers exposed to the volatility of the market through short-term purchases or gas-fired generation."

Connie White, division director, said conservation alone will not be enough to meet Utah's electricity demand.

"We certainly agree that conservation is a very important piece. It needs to be a bigger piece," White said. "We just don't think it will get us all the way there."

Dave Eskelsen, a spokesman for Rocky Mountain Power, said the utility is still trying to work on a new bidding draft that both Oregon and Utah can support.

"Our intent right now is to take the suggestions that the Utah commission has suggested and file another draft in mid-February," Eskelsen said. "It's not absolutely required that there be agreement on the draft (request for proposal). We're still hopeful that we can get an RFP that policymakers can support."

But Jenks said the utility's effort to reach a consensus between Oregon and Utah is news to him.

"What PacifiCorp told us is they were going to do an RFP that was agreeable to Utah and say the hell with Oregon," Jenks said.

The conflict could result in Rocky Mountain Power customers taking on 100 percent of the costs of any future coal plant built, which can amount to more than \$1 billion, according to Barber.

"This is just like we're back in the days of Utah Power & Light," Barber said. "Utah Power & Light had to make similar decisions back in the '60s and early '70s about building its own resources. This could lead to the divorce of Utah and Oregon."

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